

THE CALLED ON BANK.

BY A. G. CHADWICK.

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SPEECH OF GOV. DAVIS OF MASSACHUSETTS ON THE SUB-TREASURY BILL.

IN SENATE—Jan. 23, 1840.

The Sub-Treasury Bill being under consideration, and the Senate having evinced a determination not to adjourn without rising the question upon the final passage of the bill—

Mr. DAVIS said—I rise, Mr. President, with great reluctance at this late hour to address the Senate, fatigued as it is with an unusually long session, and exhausted by the debate; but, painful as it is, I must entreat their indulgence while I make a brief reply to the new doctrines which have been now, for the first time, published here and come to us through channels that leave no doubt of their being the doctrines of the Administration. They involve and have drawn into this debate great and momentous considerations, affecting the most cherished interests of the people I represent, as well as of nearly the whole country. With the exception of a few incidental remarks made by me a day or two ago, none from the North and East has addressed you during this discussion; and as some part of the debate has been pointed in its character, and directed to me personally, as if the positions assumed were incapable of refutation, I feel urged by an irresistible sense of duty—nay, I cannot reconcile myself to forbear from making some reply.

The Senator from Mississippi, (Mr. Walker) with his usual acknowledged ability, and the distinguished Senator from Pennsylvania, (Mr. Buchanan) following in his track, have advanced the propositions that the embarrassments and distress with which the country has been grievously afflicted for several years past, and which now paralyze all its energies, are imputable to the perversion in duece of bank paper; that this bill contains the necessary corrective; as it will check importation of foreign goods, suppress what they call the credit system, and, by restoring a specie currency, reduce the wages of the laborer, since the value of proper-

This is the character given to the measure by its friends, and, alarming as the doctrines are, I am gratified that they are frankly avowed. I have been unacquainted, or a considerable extent, by the Senator from Mississippi, (Mr. Henderson) with the exceptions that the embarrassments and distress with which the country has been grievously afflicted for several years past, and which now paralyze all its energies, are imputable to the perversion in duece of bank paper; that this bill contains the necessary corrective; as it will check importation of foreign goods, suppress what they call the credit system, and, by restoring a specie currency, reduce the wages of the laborer, since the value of proper-

I do not propose to follow him through a very large portion of his elaborate argument to prove that Executive power has of late been shorn of its influence, and I am not about to make an issue upon that point, but I must hurry on to other matters. He quotes an inference, however, which I must notice. He says that to this encumbrance alone we owe our ability to manufacture goods. If England was a hard money country, our mills and factories would all be silent; but the paper system so raises the price of wages, and consequently the price of production, that she cannot send forth her goods so cheap as she otherwise could, or so cheap as they are made in hard money countries, where wages are lower. And do we owe our success to this folly? Do we stand on such a slippery basis, having no foothold but upon an error of policy, stupidly persist in it? I desire to be informed how the hard-money countries, as they are called—Italy, Spain, Holland, France and Germany—for they have all been put into that class, though not with strict historical accuracy—stand the competitors of England, with her floated credits? Yes, how, sir, do they figure in the competition? Who has snatched our markets of the world? He says further, that the cause is excessive issues of bank paper, speculation, and a floated (I use his words) credit system. He lodges the guilt on the shoulders of the banks alone. It is neither just nor fair to hold them alone responsible, and I will make it manifest, by showing that they were seduced into their errors by the Administration.

Before the late President (Jackson) seized the public money and took it into his own custody, in 1835, there was no complaint about the currency; all the people know this, for all, even the President himself in one of his messages, united in denouncing, in substance, it was sound, and equal to that of any nation on earth. There was no complaint, no inconvenience, no embarrassment, from this source, in doing business; but contentment and satisfaction everywhere. About this there could be no mistake, nor will any one here attempt to call the well-known facts.

But from that act of the President, which was the first movement to reform the currency, to this day, there has been what the Senator is pleased to call “expansion, contraction, and explosion,” in rapid and fearful succession; crises, upon crisis, pressure upon pressure, panic upon panic, have succeeded, till we have reached a state of suspicion and alarm that has deranged and almost suspended business. The storm in its fury has swept over the country once and again uprooting the stately and firmest trees, and leaving in its track a dreary desolate waste. Its marks are too deeply engraven, too distinct, too well defined, to leave any thing uncertain—any thing equivocal. It fell upon us with such withering energy, as to leave no doubt what, where, and how it began.

Gentlemen may tax their ingenuity, they may task their invocations, to discover other causes of distress—they may belabor and hold up to scorn extraction the banks as long as they please—they cannot change the facts, for they and cannot obliterate history. Things were well, and every body knows, 1833. Then began the bank reform by the removal of the deposits—and then began this rapid series of “expansion, contraction, and explosion”—then followed crisis after crisis—then came the derangement of exchanges, and then the embarrassments which have overwhelmed the country—then came, mo, the nine hundred banks of which the Senator speaks, though he has probably swelled the number beyond his toric truth.

The Senator admits, what cannot be denied, that the Administration proposed and carried into effect the State bank deposit system. It was in this place and by them that State banks were taken in hand, perverted, and prostituted; held up to the country as affording a better and safer currency. Into them was the revenue put in enormous sums, and they were directed to loan freely upon it by the President for the accommodation of the people, and it was his pride and pleasure to make known to us that the public money was thus em-

ployed, instead of being *locked up*; a striking commentary upon the present plan of vaults and safe, Mr. President.

The Senator admits that this was the policy of the Administration, and that the disastrous consequences predicted by the Opposition have been verified. He might have gone further; for it is truth equally undeniable, that this policy sowed the seed of nearly or quite one half of the whole number of banks—between eight and nine hundred and of more than one half of the capital; that it was the parent of the paper expansion, contraction, and explosion, of which he has spoken in terms of just severity; that it is also the parent of the blotted credit system, which he affirms has made us all gamblers; and that the mad speculation which raged over the country, and has furnished them for declamation in these halls for three years past, was begotten by it. Such are the facts, and on the prospectors of this policy let the responsibility rest. We had had no “expansions, contractions, or explosions,” for a long period, that did not fairly belong to the vibrations of trade; none that excited alarm or seriously disturbed public confidence, till we came to this reforming policy; but since then the public mind has scarcely been tranquillized. In 1834 came the first full swing, which overturned and bankrupted thousands; and originated here. In ’35—’6, came the great era of bank making and trading upon the public money, then accumulated to sixty or seventy millions, as nearly as I remember, which threw the country into a feverish excitement, and even then, well-balanced minds out of their adjustment. There was a rage for fortune making and fortune hunting such as had never been witnessed, and which nothing but this policy was capable of generating—The Senator might and ought to have blamed the blotted credit system that made us all, as he affirms, gamblers, in this period, and left the offspring to stand beside its parent as a proof of the disasters of this policy, and of the fulfillment of the predictions of the Opposition—for go together they must and live together they will in history; and no one, no country, no nation can ever separate them—While the Senator admits this policy to belong exclusively to the Administration, and to have been strenuously opposed by us, and its melancholy consequences predicted, he has repudiated it as *accidental*, and we must allow him and his friends whatever credit belongs in an abandonment of it after it had literally exploded, and the mischief was accomplished. But, sir, he and they must be reminded that I could, if I would, read from the message of the President, and from the successive reports of the Secretary of the Treasury, arguments of extirpation, triumphing in the entire success of the policy, boasting that the currency was on a better footing than ever, that the exchanges were greatly improved, and that, too, at the very moment when the blotted credit was most expanded, and speculation was the most rife and rank. Such was the delusion that the nations which had set themselves free from false premises when he makes the banks the origin of our embarrassments, for they were only instruments in the hands of those who projected the measures that have made them what they are.

But the Senator goes further, and traces the ascent of banks and bank paper into England, and alleges, without qualification, that from this cause business there is as badly paralyzed as it is here, and I am not about to make an issue upon that point, but I must hurry on to other matters. He quotes an inference, however, which I must notice. He says that to this encumbrance alone we owe our ability to manufacture goods. If England was a hard money country, our mills and factories would all be silent; but the paper system so raises the price of wages, and consequently the price of production, that she cannot send forth her goods so cheap as she otherwise could, or so cheap as they are made in hard money countries, where wages are lower. And do we owe our success to this folly? Do we stand on such a slippery basis, having no foothold but upon an error of policy, stupidly persist in it? I desire to be informed how the hard-money countries, as they are called—Italy, Spain, Holland, France and Germany—for they have all been put into that class, though not with strict historical accuracy—stand the competitors of England, with her floated credits?

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Henderson stated that the service of an ordinary laborer, which would cost fifteen dollars in his part of the country, he had ascertained could be had at Pittsburgh for a quarter less, of that sum, and in New England, as I understand him, for about half. Every body knows the vast difference in the expense of living between Boston & country towns. But how is it with hard money countries? Expenses of all sorts are unquestionably fourfold greater in America than in France; and I might give multiplying examples, for it is more difficult to find two places that correspond than two that are as similar. Does it not follow that currency, which undeniably has an influence, is not even the principal cause of this diversity?

But, sir, I cannot dwell on this. The Senator contended, by an ingenious argument, that a reduction of wages would be beneficial to the laborer, because property would necessarily fall in the same ratio, and in favor of debtors, addressing New England through me, he appears to me to emphasize what, Mr. President? How will a corresponding fall of wages and property aid the laborer? How is his condition to be improved by it? The most that can be said is, that his relative condition is unchanged. But can he enhance the degraded condition of by far the larger class of laborers in England and Ireland, where the almshouses are filled with paupers, and those who support themselves struggle for life? Can he decrease a grade lower, to hard money Italy, where, at the attorney read by the Senator from Maryland (Mr. Macbeth), will prove, but I will not stop to read it, wages are threepence a day? Is it an invention to diminish the physical, moral, and intellectual comforts and enjoyments which surround the industrious man here, and descend to the deplorable condition of those who fly from their country to us as a place of refuge for the poor, the wretched, the hungry?

But, sir, as I have more to say of this than makes appropriate connexion, I shall pass it for the present, with a single remark—it excludes the advantages of other countries, why do the proconsulate further, and why do not our citizens emigrate thither?

I will now notice the effects upon the panic policy which are implied in this bill. We have always been told that it was a simple proposition to dislodge the Government from the vaults, so as to enable it to hold its own money, and, therefore, furnish a medium to which it can appeal for help, and the like.

But, sir, the Senator from Pennsylvania, while he declares that he is not for an exclusive hard money currency, or, in other words, is not hostile to well-organized State banks, if they can be well-regulated, he expresses himself, argues that this bill will diminish importations, suppress credit, and stop speculation, by modifying the currency so as to work out these extraneous ends.

I can by no means satisfied that it is capable of producing all these consequences, but, as such a power is imposed by it by its warlike friends, and those who are in the councils and confidence of the Administration, who bring it forward, and as I doubt being it forced with this view and expectation, I shall, in this reply, confine myself to the positions assumed. That it will affect the country to no good I have never doubted; but I have never allowed myself to believe that it can exert an influence upon its affairs which is assozied to it.

It will diminish importations in the right way, or it has my most hearty concurrence, for they have got into an injurious excess. This again is the result of a false policy, not originated in paper, as the Senator supposes, even as a principal cause. Causes of encouraging foreign labor instead of our own of stimulating this trade under the pretension that it is more beneficial to the country than to strengthen and foster our own industry, until it has caught a point of impious excess, suspending our laborers from employment and taking from them their bread. We have more than we sell, leaving a balance of many millions now due to Europe, which is to be paid out of the resources of the People, and it is time to rectify our steps. The President, who has been a promoter of this policy, complains in his message of this excess as a serious evil, and I repeat it; but he fails to indicate the remedy. He talks vaguely of economy, but is silent on the great interests of the North and East—We must, sir, stand by our own laborers, and not suffer them to be overwhelmed by this process and then appeal to them to lower their wages. Our duty is plain, and we must pursue it with manly firmness. The workshops of Europe must not be allowed to supersede ours. This is the remedy. But the bill will suppress credit—suppress blotted credit! What! sir, is credit? One would think of some new invention to defend the Public, or the masses in which it is spoken of, but it is no existent with business, and wherever there is or has been business, there credit has always existed, and has been and will be abused to a greater or less extent. I cannot now comprehend how commerce or trade can be carried on successfully without it. Abolish credit, and for what? Because the false policy of the Administration in 1835—’6—unitiated it to excess? Because, like us, freedom of speech and of the press, it may be abused? I know of no other person against which any general and just charge can be brought.

What would be the condition of the country if men were denied credit? Nothing more deplorable. The young man born to no inheritance now goes into the world with his hands in his pockets, and integrity; this is his only resource, and by the faith placed in him he commands the funds necessary to go forward in his business. And, Mr. President, it is one of the glorious characteristics of our institutions that this path is open to his enterprise, and the way to wealth, as well as to honor and fame, is clear of obstructions for the most obscure and humble individual. Shall we deny to such the only chance they have of success? Shall we trample on them, and grind them in the dust with the iron heel of power? No, sir, I will as oppose no such anti-republican doctrines. I will care for no law that touches the poor that they small remain in hopeless poverty, and as the rich that they alone shall have the enjoyment of property.

Is it not, Mr. President, a surprising fact that the Senators who have spoken upon this subject have selected the two most free, most commercial nations—nations which, by their extraordinary enterprise and their unsurpassed knowledge of business, have carried their trade to the remotest parts of the earth, and exceeded all others in the accumulation of wealth, and the enjoyments it brings with it—nations highly civilized, and standing among the most enlightened in the globe—as the examples of unwise, imprudent, and vicious government—so destitute of the first principles of political economy as to waste the produce of their labor through the unseen and incomprehensible influence of bank paper?

There is no denying that they have outrun all others in prosperity while in the use of this paper, and yet, according to the theory of the Senator, they have all the time labored under a most oppressive policy, floating wages and property, while it has been the happy lot of other countries to live under the auspicious influence of hard money—Spain, Italy, France, Holland, Germany, on the other hand, have become pattern nations, distinguished for their wisdom, and also for the happy condition of their laborers, who, doubtless, failing to realize their condition, escape, whenever they can, to this country or some other part of the continent.

But, sir, I must leave this topic and go to another. The Senator assures us that this paper brings with it this alarming attribute—as it expands and contracts, so property and wages rise and fall; thus making it the vital principle of the body politic, giving rise to pulsation. In speaking of paper, I once and for all, wish always to be understood as meaning the paper of sound specie paying banks, reasonably at sight, unless otherwise specified. Is this a sound axiom of the Senator? Is it true, that the sole or chief regulator of the value of wages and property? If so, whenever there is a common currency there should be a uniform price. Let us see how the position is sustained in the United States, where in all parts of the country, we have banks. The Senator from Mississippi (Mr.

Henderson) stated that the service of an ordinary laborer, which would cost fifteen dollars in his part of the country, he had ascertained could be had at Pittsburgh for a quarter less, of that sum, and in New England, as I understand him, for about half. Every body knows the vast difference in the expense of living between Boston & country towns.

But the Public is in despair for want of circulation. He assumes that diminishing the currency will diminish wages and the value of property, and so it may be; but the first great and abiding result will be a diminution of business. His theory abides credit, and leaves nothing but a reduced currency to do business with, and no one can deny that a reduction of business must follow. Is the country prepared for these? Do we grow too fast? Is our enterprise to great? Do we labor to much? Have we in much to eat, drink or wear? Are our comforts and enjoyments so much multiplied that we are surfeited? Does it not follow that currency, which undeniably has an influence, is not even the principal cause of this diversity?

But, sir, I cannot dwell on this. The Senator contended, by an ingenious argument, that a reduction of wages would be beneficial to the laborer, because property would necessarily fall in the same ratio, and in favor of debtors, addressing New England through me, he appears to me to emphasize what, Mr. President? How will a corresponding fall of wages and property aid the laborer? How is his condition to be improved by it?

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